

# Senate Amendment 3284

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1 1 Amend House File 868, as amended, passed, and  
1 2 reprinted by the House, as follows:  
1 3 #1. Page 52, by inserting after line 34, the  
1 4 following:  
1 5 <Sec. \_\_\_\_\_. NEW SECTION. 421.58 SALE OR TRANSFER  
1 6 OF NET OPERATING LOSS CARRYOVER.  
1 7 1. As used in this section, unless the context  
1 8 otherwise requires:  
1 9 a. "Biotechnology enterprise" means the same as  
1 10 defined in section 15E.202.  
1 11 b. "Department" means the department of revenue.  
1 12 c. "Net operating loss" means the same as defined  
1 13 in section 172 of the Internal Revenue Code. "Net  
1 14 operating loss" may include up to a maximum salary  
1 15 allocation of one hundred thirty percent of the  
1 16 average annual county wage.  
1 17 d. "Targeted industry business" means the same as  
1 18 defined in section 15E.223.  
1 19 2. The department shall establish and administer a  
1 20 tax credit certificate transfer program for purposes  
1 21 of allowing a biotechnology enterprise or a targeted  
1 22 industry business with twenty or fewer employees to  
1 23 transfer a tax credit certificate to another taxpayer  
1 24 in return for private financial assistance for a net  
1 25 operating loss carryover.  
1 26 3. A biotechnology enterprise or a targeted  
1 27 industry business with twenty-five or fewer employees  
1 28 that has a net operating loss carryover in a single  
1 29 tax year may apply to the department for the issuance  
1 30 of a tax credit certificate in the amount of the loss  
1 31 carryover for sale under this section to a qualifying,  
1 32 nonaffiliated business. Upon the department's  
1 33 approval of an application, a tax credit certificate  
1 34 shall be issued containing the taxpayer's name,  
1 35 address, tax identification number, the amount of the  
1 36 tax credit, and other information required by the  
1 37 department. The proceeds from the sale of a tax  
1 38 credit shall be used by the biotechnology enterprise  
1 39 or targeted industry business for expenses including,  
1 40 but not limited to, the expenses of fixed assets such  
1 41 as the acquisition, development, and construction of  
1 42 real property, materials, salaries, and research and  
1 43 development expenditures.  
1 44 4. A taxpayer willing to enter into an agreement  
1 45 to receive a tax credit certificate from a  
1 46 biotechnology enterprise or a targeted industry  
1 47 business in exchange for providing private financial  
1 48 assistance shall submit an application to the  
1 49 department. The application to receive a tax credit  
1 50 certificate shall identify the amount of private  
2 1 financial assistance that the applicant is willing to  
2 2 provide in exchange for a tax credit certificate.  
2 3 5. A taxpayer willing to exchange private  
2 4 financial assistance to a biotechnology enterprise or  
2 5 targeted industry business may use the amount of the  
2 6 tax credit transferred against the taxes imposed under  
2 7 chapter 422, division II, III, or V, or chapter 432  
2 8 for any tax year the original transferor could have  
2 9 claimed the net operating loss carryover. Any  
2 10 consideration received for the transfer of the tax  
2 11 credit shall not be included as income under chapter  
2 12 422, division II, III, or V. Any consideration paid  
2 13 for the transfer of a tax credit under this section  
2 14 shall not be deducted from income under chapter 422,  
2 15 division II, III, or V. Any tax credit in excess of  
2 16 the tax liability for the tax year may be credited to  
2 17 the tax liability for the following seven years or  
2 18 until depleted, whichever occurs first.  
2 19 6. The department shall adopt rules pursuant to  
2 20 chapter 17A to establish the procedures for the  
2 21 application, review, selection, issuance, and transfer  
2 22 of tax credit certificates and to provide for the  
2 23 method to be used to determine for which fiscal year  
2 24 the tax credits are available.

2 25 7. The department or a designee shall match  
2 26 applications submitted under this section in a manner  
2 27 that can best stimulate and encourage the extension of  
2 28 private financial assistance to biotechnology  
2 29 enterprises or targeted industry businesses in the  
2 30 state. As part of approving an application, the  
2 31 department shall require all of the following from  
2 32 applicants:  
2 33 a. A written agreement concerning the terms and  
2 34 conditions of providing private financial assistance  
2 35 in exchange for a tax credit certificate issued  
2 36 pursuant to this section.  
2 37 b. Private financial assistance supplied by a  
2 38 taxpayer must be equal to at least seventy-five  
2 39 percent of the value of the tax credit certificate  
2 40 issued pursuant to this section.  
2 41 c. Private financial assistance received under  
2 42 this section shall be used for the operation or  
2 43 expansion of a biotechnology enterprise or a targeted  
2 44 industry business.  
2 45 8. The total amount of tax credits that may be  
2 46 approved for a fiscal year under this section shall  
2 47 not exceed one million five hundred thousand dollars.  
2 48 A biotechnology enterprise or a targeted industry  
2 49 business shall not receive more than one hundred fifty  
2 50 thousand dollars in any fiscal year of private  
3 1 financial assistance under the program. However, an  
3 2 enterprise or business shall not receive, in the  
3 3 aggregate, for all fiscal years more than four hundred  
3 4 fifty thousand dollars of private financial assistance  
3 5 under the program. Tax credits issued under this  
3 6 section shall not be prorated.  
3 7 9. A biotechnology enterprise or a targeted  
3 8 industry business receiving private financial  
3 9 assistance under the program shall not receive a wage=  
3 10 benefits tax credit under section 15H.2, if enacted.>  
3 11 #2. By renumbering as necessary.

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